

Ms. Mary D. Nichols  
Chairman of the Board  
California Air Resources Board  
Sacramento, CA

Dear Ms. Nichols,

Thank you for your work to help implement California's Global Warming Solutions Act.

I believe a cap-and-trade system to be effective and fair must be based on the following principles:

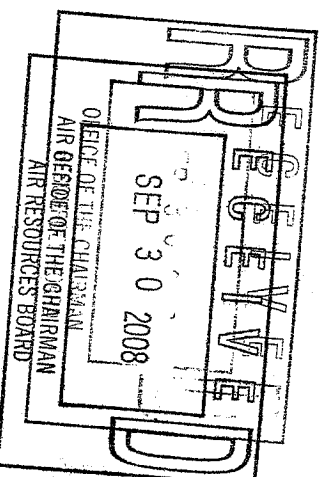
- The carbon cap should cover all carbon entering the economy.
- Polluters should pay to use the atmosphere, and revenues should be used to compensate residents for higher energy prices.
- Auctioning permits is the easiest way to encourage early action, because companies that reduce emissions won't need as many permits.

Please include in your scoping plan an upstream, comprehensive **cap and dividend** system with 100% auction and a price floor on permit prices.

Sincerely,

*Claudia Haske-Sedner*

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Name



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